

**REPORT OF THE AUDIT OF THE
BOONE COUNTY
CLERK**

**For The Year Ended
December 31, 2004**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOONE COUNTY CLERK

**For The Year Ended
December 31, 2004**

The Auditor of Public Accounts has completed the Boone County Clerk's audit for the year ended December 31, 2004. Based upon the audit work performed, the financial statements present fairly in all material respects, the revenues and expenditures of the County Clerk and the revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Boone County Clerk had total revenues of \$28,088,053 and total expenditures of \$25,444,266, resulting in net revenues of \$2,643,787. Total revenues increased by \$282,397 and total expenditures increased by \$409,055 from the prior year. The Clerk paid 75% of revenues to the State Treasurer in the amount of \$2,044,898. This was a decrease of \$53,460 from the prior year. The Clerk paid 25% of revenues to the Boone County Fiscal Court in the amount of \$644,689. This was a decrease of \$27,398 from the prior year.

Operating Fund (75%) - The Clerk's beginning fund balance as of January 1, 2004 totaled \$251,002. Total revenues were \$2,044,898. However, the County Clerk's fee account is due an overpayment refund from the 75% Operating Fund totaling \$107,251. Expenditures totaled \$2,040,934, leaving an ending fund balance as of December 31, 2004 of \$147,715.

County Fund (25%) - Total receipts of \$644,689 were deposited and transferred to the Boone County Treasurer for 2004.

Debt Obligations:

The Clerk had debt obligations totaling \$310,240 for software licenses and computer hardware as of December 31, 2004.

Report Comment:

- The County Clerk Overpaid Her 75% Operating Fund With The Kentucky State Treasurer By \$107,251

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Marilyn K. Rouse, Boone County Clerk
Members of the Boone County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the County Clerk of Boone County, Kentucky, and the statement of revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2004. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2004, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated August 8, 2005, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Marilyn K. Rouse, Boone County Clerk
Members of the Boone County Fiscal Court

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discuss the following report comment:

- The County Clerk Overpaid Her 75% Operating Fund With The Kentucky State Treasurer By \$107,251

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Boone County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 8, 2005

BOONE COUNTY
MARILYN K. ROUSE, COUNTY CLERK
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2004

Revenues

State Grants	\$	2,683	
State Fees For Services			35,024
Fiscal Court			19,881
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	2,533,859	
Usage Tax		13,178,793	
Notary Fees		12,840	
Lien Release Fees		17,935	
Tangible Personal Property Tax		8,283,444	
Other-			
Marriage		24,460	
Beer and Liquor		59,788	
Deed Transfer Tax		969,703	
Delinquent Taxes		1,764,117	26,844,939
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	85,545	
Real Estate Mortgages		419,718	
Chattel Mortgages and Financing Statements		443,175	
Powers of Attorney		5,096	
All Other Recordings		151,065	
Charges for Other Services-			
Candidate Filing Fees		860	
Copywork		47,373	
Postage		11,211	
Miscellaneous		16,363	1,180,406
Interest Earned			5,120
Total Revenues	\$		28,088,053

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY
 MARILYN K. ROUSE, COUNTY CLERK
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
 For The Year Ended December 31, 2004
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,918,830

Usage Tax 12,778,587

Tangible Personal Property Tax 3,072,801

Licenses, Taxes, and Fees-

Delinquent Tax 216,109

Legal Process Tax 124,752 \$ 18,111,079

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 913,336

Delinquent Tax 146,061

Deed Transfer Tax 921,217

Beer and Liquor Licenses 56,620

Preparing Tax Bills 11,157 2,048,391

Payments to Other Districts:

Tangible Personal Property Tax \$ 3,981,341

Delinquent Tax 994,226 4,975,567

Payments to Sheriff 5,033

Payments to County Attorney

Delinquent Tax 263,366

Fees for Collection of Returned Checks 600

Library and Archives Grant Expenditures (Note 4) 2,683

Other Charges-

Bank Service Charges \$ 32,254

Miscellaneous 5,293 37,547

Total Expenditures 25,444,266

Net 2004 Revenues Carried Forward \$ 2,643,787

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY
 MARILYN K. ROUSE, COUNTY CLERK
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
 For The Year Ended December 31, 2004
 (Continued)

Net 2004 Revenues Brought Forward		\$	2,643,787
Borrowed Funds Used For The Overpayment Of The 75% Operating Fund With The State Treasurer:			
Amount Due To 2005 Fee Account	\$	107,251	
Amount Due From 2003 Fee Account To 2004 Fee Account		<u>45,800</u>	61,451
Payments to State Treasurer:			
75% Operating Fund	\$	2,044,898	
25% County Fund		<u>644,689</u>	<u>2,689,587</u>
Refund Due County Clerk at Completion of Audit		\$	<u><u>(107,251)</u></u>

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY
 MARILYN K. ROUSE, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2004

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2004	\$ 251,002	\$	\$ 251,002
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	2,044,898		2,044,898
Refund Due County Clerk	(107,251)		(107,251)
Fees Paid to State - County Funds (25%)		644,689	644,689
Total Funds Available	<u>\$ 2,188,649</u>	<u>\$ 644,689</u>	<u>\$ 2,833,338</u>
<u>Expenditures</u>			
Boone County Fiscal Court	\$	\$ 644,689	\$ 644,689
Personnel Services-			
Official's Statutory Maximum	88,150		88,150
Official's Training Expense Allowance	3,600		3,600
Deputies' Salaries	985,520		985,520
Part-Time Salaries	41,830		41,830
Overtime	10,834		10,834
Employee Benefits-			
Employer's Share Social Security	80,655		80,655
Employer's Share Retirement	82,304		82,304
Employer's Paid Health Insurance	199,645		199,645
Contracted Services-			
Microfilming	144,000		144,000
Materials and Supplies-			
Office Supplies	31,336		31,336
Other Charges-			
Conventions and Travel	2,468		2,468
Dues	18,050		18,050
Postage	22,580		22,580
Election Expense	1,291		1,291

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY
 MARILYN K. ROUSE, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2004
 (Continued)

<u>Expenditures</u> (Continued)	<u>75%</u> <u>Operating</u> <u>Fund</u>	<u>25%</u> <u>County</u> <u>Fund</u>	<u>Totals</u>
Other Charges - (Continued)			
Maintenance and Repairs	3,350		3,350
Office Furnishings	6,315		6,315
Office Renovation and Upkeep	482		482
Indexing Books and Maps	17,756		17,756
Equipment	2,985		2,985
Insurance	6,511		6,511
Miscellaneous	4,614		4,614
Debt Service-			
Lease Purchases - Computer Equipment	286,658		286,658
Total Expenditures	2,040,934	644,689	2,685,623
Fund Balance - December 31, 2004	<u>\$ 147,715</u>	<u>\$ 0</u>	<u>\$ 147,715</u>

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31:

- Interest receivable
- Collection on accounts due from others for 2004 services
- Reimbursements for 2004 activities
- Payments due other governmental entities for December tax and fee collections
- Payroll expenditures incurred but not paid
- Payments due vendors for goods or services provided in 2004

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

BOONE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent for the first six months and 8.48 percent for the last six months of the year. Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2004, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the County Clerk's agent in the County Clerk's name.

BOONE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004
(Continued)

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$3,335. Interest earned totaled \$4. Funds totaling \$2,683 were expended during the year. The unexpended grant balance was \$656 as of December 31, 2004.

Note 5. Mechanic's Lien Account

On November 9, 2004, the County Clerk opened up a bank account for mechanic's liens with a deposit of \$4,926. When a mechanic's lien is filed, funds can be deposited into this account until the dispute has been settled. Funds expended during 2004 totaled \$4,926 leaving an unexpended balance of \$0 as of December 31, 2004.

Note 6. Leases

The County Clerk is committed to the following lease agreements as of December 31, 2004:

<u>Item Purchased</u>	<u>Monthly Payment</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Principal and Interest December 31, 2004</u>
Software Licenses	\$ 4,048	2/15/03	5/14/06	\$ 58,240
Computer Hardware	<u>17,120</u>	2/15/03	5/14/06	<u>252,000</u>
Totals	<u>\$ 21,168</u>			<u>\$ 310,240</u>

COMMENT AND RECOMMENDATION

BOONE COUNTY
MARILYN K. ROUSE, COUNTY CLERK
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2004

STATE LAWS AND REGULATIONS

The County Clerk Overpaid Her 75% Operating Fund With The Kentucky State Treasurer By \$107,251

The Clerk's fee account had a deficit totaling \$107,251 as of December 31, 2004. The deficit is a result of overpayments made to the state that occurred in 2003 and 2004. This was caused primarily by overpaid commissions for ad valorem taxes, bank service charges, uncollected returned checks, and one erroneous payment from the fee account.

- The Clerk earns 3.5% in commissions for ad valorem taxes collected for the Boone County School districts; however, the Clerk turned over commissions to the state based on a calculated amount of 4%. The Clerk overpaid ad valorem tax commissions to the state totaling \$15,444 and \$15,683 for 2003 and 2004, respectively.
- The Clerk's monthly pay-in vouchers were not adjusted for bank service charges. The bank service charges are an expense the Clerk incurs for accepting Visa and MasterCard payments. Bank service charges totaled \$20,945 and \$32,254 for 2003 and 2004, respectively.
- The Clerk's monthly pay-in vouchers were not adjusted for uncollected returned checks. Uncollected returned checks totaled \$3,975 and \$1,694 for 2003 and 2004, respectively.
- The Clerk made an erroneous payment from the fee account to the fiscal court for preparing tax bills totaling \$11,157. The Clerk turned over fees to the (75%) operating fund that are used to cover this expense; however, the payment was made from her official bank account.

We recommend the Clerk turn over the correct amount of commissions to the state each month. We recommend that the Clerk make adjustments for bank service charges and uncollected returned checks on her monthly reports in order to account for the Clerk's operating expenses. We recommend that expenses such as preparing tax bills be paid out of the Clerk's (75%) operating fund. Finally, we recommend that the Clerk adjust a pay-in voucher for one month in order to reflect the accumulated overpayment of \$107,251 to the State Treasurer.

County Clerk's Response:

When County Fee Systems began administering the Clerk's fees in 2003, Marie Bramblett of Fee Systems met with Software Management, Inc, our software provider. Together, they formatted a report form to use by this office to submit each month with the month's fees.

At the time Fee Systems entered, they informed us that we needed to reset our bookkeeping system to accommodate a four-year term operation instead of the yearly operation we had previously. Software Management felt we could continue to operate on a yearly basis, especially since it would take a lot of time and expense to reset the system and the difficulty that would arise in trying to balance the checking account at the end of each year for the auditor's requirements.

BOONE COUNTY
MARILYN K. ROUSE, COUNTY CLERK
COMMENT AND RECOMMENDATION
For The Year Ended December 31, 2004
(Continued)

STATE LAWS AND REGULATIONS (Continued)

The County Clerk Overpaid Her 75% Operating Fund With The Kentucky State Treasurer By \$107,251 (Continued)

County Clerk's Response: (Continued)

At the end of 2003 when we went to close this checking account, we discovered a \$46,000 deficit to the account. In researching the reason, we were told by Fee Systems that deficits were the norm at the end of each year and that's why we should operate on a term basis, because we would not be given credit for this until the end of 2006. They seemed not concerned about the amount, so we researched no further.

However, at the end of 2004, counting the \$46,000 deficit from 2003, we wound up with a balance short \$107,251. We again called Fee Systems and talked to Marie about this. We realized at that time that she was not understanding our explanation of the shortage, but was rather thinking in terms of her allocation of the fees sent to her. She then told us that we would have to resolve this and that Fee Systems would reimburse this amount once verified by the auditor.

When the auditor arrived, we explained our predicament. His audit verified the overpayments we had been making on a monthly basis to Fee Systems, caused in part by the report format and by the credits to the account that we had not been taking.

We have now been given permission by Fee Systems to deduct each month the credits to the account, as well as the formatting issues that have caused the problem. For 2003 and 2004, these include: \$31,127 overpaid against ad valorem tax commissions due to the Clerk relinquishing an extra .5% of their fees to the school boards (the report format reports the statute-allowed 4% commission across the board to all entities); \$53,199 in bank service charge credits allowed by the auditor for charge card fees (Fee Systems now says to take these off as credits – which we tried to do initially – before submitting the monthly collections); \$5,669 in uncollected returned checks (to now be reflected on a monthly basis per Fee Systems); and \$11,157 paid to the fiscal court in error for tax bill preparation (this was double-paid – once to Fee Systems and again to fiscal court and was a bookkeeping error).

The County Clerk's office in no way meant to incorrectly report fees to any entity in the performance of their bookkeeping duties.

County Judge Executive's Response:

The County Administrator, County Treasurer and I met with the County Clerk and bookkeeper on August 17, 2005 to discuss the deficit of \$107,251 in her official 2004 fee account. County Clerk Marilyn Rouse informed us the deficit occurred due to bookkeeping errors caused by miscommunication between the State's County Fees Branch and her office. The errors were a result of the Clerk's Office becoming a fee office over 70,000 and the change of accounting to report all monies to the state. The auditor's exit conference explained the reason for the deficit and the Clerk agrees to make all bookkeeping corrections for the current year. Through the recommendation of the Auditor of Public Accounts, the Clerk will correct the deficit within the next month by adjusting the pay-in vouchers to the state.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Marilyn K. Rouse, Boone County Clerk
Members of the Boone County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements - regulatory basis of the Boone County Clerk for the year ended December 31, 2004, and have issued our report thereon dated August 8, 2005. The County Clerk's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boone County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Boone County Clerk's financial statements for the year ended December 31, 2004, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- The County Clerk Overpaid Her 75% Operating Fund With The Kentucky State Treasurer By \$107,251



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 8, 2005

